

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 556 - SB 1276

March 27, 2021

**SUMMARY OF ORIGINAL BILL:** Extends the annual nursing home assessment for FY21-22.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$134,605,900/FY21-22/  
Nursing Home Assessment Trust Fund

Increase State Expenditures - \$134,605,900/FY21-22/  
Nursing Home Assessment Trust Fund

Increase Federal Expenditures - \$264,758,900/FY21-22/  
Nursing Home Assessment Trust Fund

Revenue recognition in the amount of \$134,605,900 is included in the Governor's proposed budget (Page A-34) for FY21-22. Corresponding nonrecurring appropriations in the amount of \$399,364,800 (\$134,605,900 in state funds and \$264,758,900 in federal matching funds) are also included.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue – \$399,364,800/FY21-22

Increase Business Expenditures – \$399,364,800/FY21-22

Job Impact – Not Significant

**SUMMARY OF AMENDMENT (005906):** Deletes and replaces language of the original bill without making any substantive changes to the legislation.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Division of TennCare (Division), the assessment on nursing homes will result in an increase in state revenue to the Nursing Home Assessment Trust Fund of \$134,605,900 in FY21-22.
- Medicaid expenditures receive matching funds at a rate of 66.295 percent federal funds to 33.705 percent state funds.
- The \$134,605,900 will be expended at a state rate of approximately 33.705 percent; thus prompting a one-time increase in federal expenditures at a federal match rate of approximately 66.295 percent equating to \$264,758,883 [ $(\$134,605,900 / 33.705\%) \times 66.295\%$ ].
- These funds will be placed in the Nursing Home Assessment Trust Fund instead of the General Fund, but will continue to be spent to reimburse nursing homes.
- The total increase to the Nursing Home Assessment Trust Fund in FY21-22 is approximately \$399,364,783 ( $\$134,605,900 + \$264,758,883$ ).

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Nursing home providers will incur a one-time increase in federal revenue in FY21-22 to cover costs of services provided.
- Nursing home providers will incur a corresponding increase in expenditures in FY21-22.
- The proposed legislation will not increase the number of nursing home providers. It merely deals with the way providers are reimbursed; therefore, any impact to jobs in Tennessee is estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

/vh